STATEMENT OF THE AMALGAMATED TRANSIT UNION REGARDING THE NEED FOR PUBLIC TRANSIT OPERATING ASSISTANCE IN THE *AMERICAN RECOVERY AND REINVESTMENT BILL OF 2009*

House Transportation and Infrastructure Committee
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Introduction

Mr. Chairman and Members of the Committee, thank you for the opportunity to testify today on behalf of the Amalgamated Transit Union (ATU), the largest labor organization representing public transportation, paratransit, over-the-road, and school bus workers in the United States and Canada, with more than 185,000 members in over 270 locals throughout 46 states and nine provinces.

We are here today to express our disappointment that the *American Recovery and Reinvestment Bill of 2009* does not include critical funding for public transportation operating assistance, as recommended with bipartisan support from this committee.

My name is Tony Withington. I currently serve as an International Representative for the ATU. Previously, I was President/Business Agent of ATU Local 1575 in San Rafael, California for 21 years, and Chairman of the ATU's California Legislative Conference Board. I have been involved in the public transportation industry for longer than I would like to admit – nearly three decades. Mr. Chairman, in all my years, I have never witnessed such extraordinary circumstances as we are seeing today.

Record high gas prices in 2008 caused millions of people to try public transportation, and despite the recent drop in the price of oil, many transit systems continue to report capacity issues. More than 2.8 billion trips were taken on public transportation in the third quarter of 2008 -- an increase of 6.5 percent. Yet, ironically, at a time when Americans are leaving their cars at home like never before, public transportation systems are being forced to implement painful service cuts and fare increases because of shortages in state and local revenues.

For the reasons stated below, we strongly believe that the transit portion of the *American Recovery and Reinvestment Bill of 2009* needs to not only increase funding for public transit capital projects but also include $2 billion for operating assistance.

Transit Can Play a Role in the Economic Recovery

The House stimulus package includes $9 billion for public transportation capital projects. While we certainly appreciate the recognition by Congress that transit can play an important role in our economic recovery, the funding levels fall well below what is needed.

The American Public Transportation Association (APTA) has provided a list of "ready-to-go" transit projects across the United States that will get people working again. According APTA, if $47.8 billion were invested in public transportation immediately, more than 1.3 million green jobs could be supported in the next two years. We therefore support the package that this committee released last month, which would provide $85 billion for "ready-to-go" projects, including $12.5 billion for public transportation. And, of the amount available to public transit, $2 billion would be set aside for operating assistance, a critical component in ensuring that U.S. Transit Systems do not buckle under the weight of new riders and crumbling state and local government economies.

Transit Agencies Out of Options

The transit operating assistance provision was first proposed as part of H.R. 6052 last spring in response to fuel prices that seemed to be climbing towards five dollars per gallon, and beyond. While that bill never passed the Senate, thankfully, fuel prices have come down dramatically since then. Unfortunately, many transit systems are locked into long term contracts with fuel suppliers and are still paying well above what the rest of us are paying at the pump. In addition, most economists agree that fuel prices are going to spike again, and they are projected to remain high once the economy bounces back and worldwide demand increases.

Even before fuel prices reached their peak last year, APTA conducted a survey of its members which found that the best way the federal government could help with meeting increased demand and skyrocketing fuel costs would be by providing operating assistance. Today, with state and local economies teetering, I am certain that an even higher percentage of transit systems would now agree that federal operating assistance is the best solution to plugging giant budget gaps.

Fare Increases, Service Cuts

All across the nation, transit systems are reluctantly implementing some of the steepest fare increases and deepest service cuts in recent history. The New York Metropolitan Transportation Authority (MTA), for example, is being highly criticized for its proposal to raise fare and toll revenues by 23 percent, starting in June. That could mean the cost of a single ride on the subway or bus could go as high as $3, up from $2. On the commuter railroads, many ticket prices could rise by as much as 29 percent! No one is exempt from the pain. The MTA's proposal would also more than double the fare for Access-a-Ride service for disabled riders, to $5 from $2. The proposed fare and toll increases are intended to help eliminate a $1.2 billion deficit in this year's budget. They would be coupled with reductions in expenses, including the deepest service cuts in years.

However, it is not just the large metropolitan areas that are proposing such drastic measures. The transit system in Peoria, Illinois -- home of President Obama's nominee for transportation secretary, Representative Ray LaHood -- where we represent about 170 transit workers, recently announced possible deep service cuts and higher fares in the face of a potential $3 million budget shortfall.

In my area, Bay Area Rapid Transit (BART) plans to reduce off-peak service from one train every 15 minutes to one train every 20 minutes to deal with a $40 million budget deficit. Sacramento Regional Transit is raising fares by 20 percent to cope with budget problems. Attached to our testimony is a short list of transit properties planning similar cuts. This is just a snapshot. The problem is nationwide, and it runs deep.

__Working Families Hurt the Most__

Fare increases are having a devastating affect on working families. Between the increased price of food, health care, heat, and other everyday necessities, middle class families are getting squeezed like never before. Americans, especially seniors living on fixed incomes, simply cannot afford transit fares in the neighborhood of private taxis.

And as if the fare increases are not enough, the service cuts may actually be worse. Generally, when routes get cut, transit systems tend to look towards those with low ridership -- early morning, late night, and weekend service. People who work non-traditional hours, typically minorities who have no other means of transportation, are disproportionately affected. The single mom who now gets her kids up at 4:30 in the morning to catch two buses in time to get her children to daycare and then herself to work cannot be expected to wait an additional hour for that transfer bus to arrive, standing in the freezing cold with two kids in tow. But that is exactly what is happening out there. Our drivers have seen it firsthand.

__Operating Assistance is Needed__

Throughout the United States, our buses are overflowing with passengers. The people who turned to transit to beat the high cost of gas in 2008 are sticking with us. Ridership is at a 50-year high.

That is the good news. The bad news is that the transit industry cannot handle the increased demand. Our members report having to leave people behind at bus stops because vehicles are at capacity. In Chicago, they were recently tearing out seats on subway trains to make room for more people.

Instead of adding new service to meet increased demand, transit systems are being forced to do the exact opposite — cutting routes and punishing people for leaving their cars at home by increasing fares.

Mr. Chairman, I hope the members of the committee can see how ridiculous the current situation is. Ridership numbers are going through the roof. We have a tidal wave of new passengers, more farebox revenue, basically every general manager's wildest dream come true. We could not have asked for a better situation. Yet in many places – not all but many – we find ourselves unable to cope with the change in American's travel habits.

The question is: why? The answer is simple. It is about money. State and local tax revenues are way down. Wildly fluctuating fuel prices and insurance costs are busting transit agency budgets.

Unfortunately, this problem will not be solved by simply appropriating more capital dollars, although, as we stated earlier, we fully support the committee's entire $12.5 billion transit proposal, which would set aside the majority of funds for capital projects.

As I travel across California negotiating contracts, I've spoken with several transit general managers. Many have told me that even if the federal government gave them the money to double the size of their existing fleets, they would probably have to keep a good portion of those buses in the garage.

Transit systems simply do not have the operating money to run their current fleets. Current Federal Transit Administration rules generally prevent most major transit systems from using their federal funds for operating assistance. Therefore, as a result, we are cutting service at a time when people are turning to transit in record numbers! This is insane!

Transit systems need money to stay afloat and avoid balancing their budgets on the backs of working people – transit riders and employees – who do not have any more to give.

Transit Operations Spending Generates Green Jobs and Reduces our Carbon Footprint

With Wall Street crumbling and jobs being lost by the thousands each month, Congress should realize that transit operations spending provides a direct infusion to local economies. More than 570 jobs are created for each $10 million invested in the short term. Every $1 billion invested in public transit operations generates 60,000 jobs.

Moreover, it was our understanding that the stimulus package was intended to not only create jobs but also help industries avoid further job losses. Without federal assistance, we believe that the multi-billion dollar transit industry, which employs nearly 400,000 hard working Americans, will continue to lay off workers at a rapid pace. And, if the primary issue in the context of the stimulus package is spending the money within a 90-day time frame, it has been well documented that transit operating assistance indeed flows quickly, much faster, in fact, than capital funding.

Finally, the energy and environmental benefits of transit are significant. Expanding passenger train options between and into U.S. urban centers would substantially reduce highway congestion, fuel consumption and greenhouse gas emissions. According to APTA, a single person, commuting alone by car, who switches a 20-mile round trip commute to existing public transportation, can reduce his or her annual CO_2 emissions by 4,800 pounds per year, equal to a 10% reduction in all greenhouse gases produced by a typical two-adult, two-car household. And even though the price of gas has decreased dramatically over the last several months, public transportation riders still enjoy a significant economic savings. A person can achieve an average annual savings of more than $8,000 per year by taking public transportation instead of driving.

Conclusion

During these troubled times, we urge Congress to provide the necessary operating funds to help an industry that gets Americans to work, reduces our dependence on foreign oil, and improves our air quality.

We are extremely grateful to Chairman Oberstar for proposing $2 billion in transit operating assistance as part of the stimulus bill, and we are happy to work with members of this committee and others in Congress to ensure that the provision is included in the final package.

Thank you for this opportunity to testify today. We would be pleased to answer any questions or provide additional information.

Appendix

Job Cuts, Fare Increases, and Service Reductions

The Impact of the Economic Recession on America's Transit Agencies

Greater Peoria Mass Transit Board – A $3 million budget shortfall out of a total budget of $12 million could bring service cuts, the elimination of all weekday evening and Saturday service, and the loss of 79 jobs.

Maryland Transit Administration – Scaling back service on holidays and trimming some daily trains and buses on the MARC in order to save $5 million. Ridership was up 6.5 percent in 2008 over the previous year.

Sacramento Regional Transit – Raising fares by 20 percent to cope with budget problems.

Washington Metropolitan Area Transit Authority – $1.3 billion operating budget includes a $176 million gap, which is planned to be dealt with by dropping 891 positions and cutting $73 million worth of service.

Bay Area Rapid Transit – Plans to reduce off-peak service from one train every 15 minutes to one train every 20 minutes to deal with a $40 million budget deficit.

Marshall Area Transit (MN) – Unlimited ride passes for bus service increased on January 1 from $25 a month to $80 a month.

St. Louis Regional Transit – Cutting 600 jobs, bus routes, and train service to deal with a $36 million budget gap forecasted for 2009.

City of Madison – Metro Transit – Considering a 50-cent fare increase or reducing service, and eliminating five bus driver jobs to cover a projected $762,000 budget gap.

Metropolitan Transportation Authority **(NYC)** – Facing a $1.2 billion deficit, MTA is planning to more than double the cost of services for disabled riders, increase fares on subways by 23 percent and commuter railroads by 29 percent.

Source: Transportation For America